

## ASX ANNOUNCEMENT

31 October 2023

# SEPTEMBER 2023 QUARTERLY ACTIVITIES REPORT

South Harz Potash Limited (ASX:SHP) (**South Harz** or the **Company**) reports on its activities for the quarter ended 30 September 2023.

## Highlights

- All key Pre-Feasibility Study (**PFS**) workstreams for the Ohmgebirge Potash Development (**Ohmgebirge**) remain on time and budget, with overall progress now past 75% completion.
- Initial consultation and hearing process successfully completed with key local, NGO and regulatory stakeholders for Ohmgebirge Development.
- Currently advancing constructive discussions with neighbouring Bernterode shafts owner, NDH-E/Deusa, with respect to adoption of a brownfield development pathway for Ohmgebirge.
- Full Spatial Planning Application for Ohmgebirge on track for submission during Q4 CY2023.
- Total new equity raised of A\$3.65M, comprising a A\$2.66M equity placement (including Director subscriptions of A\$0.25M; completion pending) and A\$0.99M oversubscribed SPP.
- Cash balance of A\$2.3M at quarter end and zero debt.

## South Harz Managing Director, Luis da Silva, commented:

*“The South Harz team has continued to progress the development and delivery of key milestones throughout the September Quarter for our world-class Ohmgebirge Potash Development. As we near the final stages of the Ohmgebirge PFS the expenditure rate on study activities is set to reduce during the next quarter as key workstreams across our combined engineering team are concluded. In conjunction with the full Spatial Planning Application for Ohmgebirge on track for submission to TLVwA, we are making steady progress in the timely delivery of the PFS. I look forward to updating our shareholders on these activities during the December quarter.”*

## OHMGEBIRGE DEVELOPMENT

### Pre-Feasibility Study achieved 75% Completion Level

All key PFS workstreams are running on time and budget, with overall progress achieving the 75% completion level. The final PFS report remains on track for scheduled completion during December 2023.

Recent key milestones achieved by the combined engineering team, including Hatch, K-UTEC, ERCOSPLAN and Micon, include:

- Engineering studies progressing on multiple development configurations.
- Preferred base case layout option is installation of Pocket Lift conveyor and personnel/material cage in an existing shaft, thus optimising existing infrastructure utilisation and capital efficiency.

- Mine plan completed in September, optimising both drill and blast and continuous mining methods.
- Planned utilisation of underground crushing to accommodate Pocket Lift conveyor haulage; ventilation and haulage optimisations complete.
- Bulk sample testing completed confirming grade and recovery predictions; further opportunities discovered on leach residue and brine purification to optimise tank and clarifier layouts.
- Plant process flow diagrams and equipment list complete; 3D plant model to be finalised shortly.
- Dynamic modelling for both raw ore and product storage facilities finalised.
- Multiple Effect Evaporator (**MEE – steam**) versus Mechanical Vapour Recompression (**MVR – electrical**) trade-off evaluation completed; decision to take advantage of stabilising power prices and adopt MVR.
- Total utilities estimates (power, water and gas) finalised from final mass balance.
- Loadout and rail engineering advanced to estimates stage; storage, load-out and rail facilities designed to dynamic shipping model based on optimised potash and salt marketing studies.
- Intermediate Tails Pile (**ITP**) optimised to mine plan to minimize size and existence timeframe of ITP.

## Permitting Process on Track

During the quarter, the initial spatial planning consultation and hearing process for Ohmgebirge was successfully completed with key local, NGO and regulatory stakeholders.

On 14 September 2023, a consultation hearing for the Ohmgebirge Potash Development Spatial Planning Scoping Paper was successfully held, following on from the submission of the Scoping Paper to the lead regulatory authority, Thüringer Landesverwaltungsamt (**TLVwA**), in June 2023 (refer South Harz ASX release dated 21 June 2023).

Public institutions and interest groups that had received the Scoping Paper through the TLVwA process were invited to submit comments and to attend the hearing. Approximately 15 groups submitted comments in advance of the hearing.

South Harz confirmed that there were no significant concerns or objections to the proposed development of Ohmgebirge raised through either these submitted comments or during the hearing itself. The Company, in conjunction with TLVwA, was also able to confirm to participants that all focus areas raised would be specifically addressed within the pending full Spatial Planning Application submission (and in further detail within the General Operations Plan Application, which is to be submitted following scheduled completion of the Ohmgebirge Definitive Feasibility Study).

South Harz continues to compile the full Spatial Planning Application for Ohmgebirge, which remains on track for submission to TLVwA during Q4 CY2023. Under the regulatory framework, the TLVwA decision on spatial permitting is required within six months of submission of the Spatial Planning Application. Following Spatial Planning approval, and post completion of the Environmental Impact Assessment in Q1 CY2024, the company may then proceed to submitting a General Operating Permit for build approval.

The permitting process for Ohmgebirge is being led by highly experienced South Harz Regional Director, Dr Babette Winter, in combination with leading environmental consultant, ERM.

### **Discussions with Neighbouring Shafts Owner Advancing**

South Harz has previously received the non-binding consent of the existing owner of the Bernterode shafts, NDH-E/Deusa, to submit its Ohmgebirge Spatial Planning Scoping Paper inclusive of an option to utilise this neighbouring operating shaft infrastructure – thus delivering a potential lower cost, brownfield development pathway for Ohmgebirge.

The Company is advancing discussions with NDH-E/Deusa with respect to the potential of such a highly efficient development. South Harz notes that the Ohmgebirge Scoping Study (August 2022) was based on a greenfield shaft development pathway.

South Harz has previously obtained a 5-tonne bulk sample via underground access provided by the same NDHE/Deusa shaft infrastructure (see SHP ASX announcement dated 8 March 2023). The Bernterode shafts are located only 1,500m from the Ohmgebirge tenement boundary and proximal to the thickest sections of the Ohmgebirge deposit.

## **CORPORATE**

### **Capital Raised to Advance Ohmgebirge Potash Project**

On 2 August 2023, South Harz advised that it had received binding commitments for a placement to raise approximately A\$2.66 million at an issue price of A\$0.03 per share, with an attaching 1-for-4 unlisted option at a strike price of A\$0.08 per share and a 3-year expiry (**Placement**).

The Placement was met with strong demand from both new and existing institutional and sophisticated investors. This included subscription commitments totalling A\$245,000 from South Harz Board members and their related parties (the issuance of which was subject to shareholder approval, which was subsequently received at the Annual General Meeting on 26 October 2023).

In addition to the Placement, South Harz offered all existing eligible shareholders the opportunity to subscribe for new shares on the same terms as the Placement under a Share Purchase Plan (**SPP**).

The Placement (excluding the subscriptions of Directors and their related parties) was successfully completed on 10 August 2023 with 80,493,996 fully paid ordinary shares issued together with 1 free attaching unlisted option to acquire 1 share exercisable at A\$0.08 and expiring 10 August 2026 for every 4 shares subscribed for and issued (being 20,123,480 options). Total proceeds raised before costs were A\$2,415,000.

The SPP successfully closed on 30 August 2023, with over 120 valid applications received totaling approximately A\$990,000. This was well in excess of the initial A\$500,000 the Company had sought to raise. In response to this oversubscription, the South Harz Board exercised its discretion under the terms of the SPP to increase its size in

order to accept all applications in full. The Board took this decision in recognition of the long-term support of its retail shareholders.

Completion of the SPP saw 32,999,937 million new fully paid ordinary shares issued on 31 August 2023. The additional free attaching options under the SPP were approved by shareholders at the Annual General Meeting held on 26 October 2023. A Prospectus for their issue is being prepared.

Placement issuance to Directors and their related parties (and receipt of funds) is expected to be finalised in coming days.

	<b>Funds Received (or to be received)</b>	<b>Shares Issued (or to be issued)</b>	<b>Options Issued (or to be issued)</b>
Placement (excl. Director Participation)	A\$2,414,820	80,493,996	20,123,480
Share Purchase Plan	A\$990,000	32,999,937	8,249,984
Director Participation (Placement)	A\$245,000	8,166,667	2,041,667
<b>Total</b>	<b>A\$3,649,820</b>	<b>121,660,600</b>	<b>30,415,131</b>

South Harz is well-funded to facilitate ongoing advancement of Ohmgebirge, including completion of the PFS. Proceeds from the Placement and SPP are planned to be directed towards:

- Progression and completion of the PFS on South Harz's flagship Ohmgebirge Potash Development;
- Environmental baseline study work and permitting process advancement;
- Early commencement of select Ohmgebirge DFS workstreams; and
- General working capital.

## Cash

South Harz's cash balance at 30 September 2023 was A\$2.3 million (A\$2.3 million at 30 June 2023) with zero debt (excluding typical trade creditors).

Strategic partnership and finance discussions continue to run in parallel with Ohmgebirge PFS workstreams.

## ASX Additional Information

South Harz provides the following information pursuant to ASX Listing Rule requirements:

1. ASX Listing Rule 5.3.1: PFS and Permitting Expenditure spend during the quarter was A\$2,196,000.
2. ASX Listing Rule 5.3.2: No mining production
3. ASX Listing Rule 5.3.5: Payments to related parties during the quarter totalled A\$118,000 and represent fees to Directors

## Summary of tenement holdings as at 30 September 2023

Tenement Name/Number	Location	Licence	Beneficial Holding
Küllstedt	Thüringen, Germany	Exploration	100%
Gräfentonna	Thüringen, Germany	Exploration	100%
Mühlhausen-Nohra	Thüringen, Germany	Mining	100%
Ebeleben	Thüringen, Germany	Mining	100%
Ohmgebirge	Thüringen, Germany	Mining	100%

**This ASX release has been approved by the Board of Directors.**

### Investor and media enquiries

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### END NOTES

The information contained in this Quarterly Activities Report, including detail related to the Company's past exploration results is extracted from, or was set out in, the following ASX announcements:

- *The report released 2 August 2023, "Capital Raising to Advance Ohmgebirge Potash Project"*
- *The report released 10 August 2023, "Share Purchase Plan Offer"*
- *The report released 30 August 2023, "Share Purchase Plan Closes Oversubscribed"*
- *The report released 21 September 2023, "Ohmgebirge Permitting Process on Track"*
- *The report released 27 September 2023, "Ohmgebirge Pre-Feasibility Study Update"*

## About South Harz

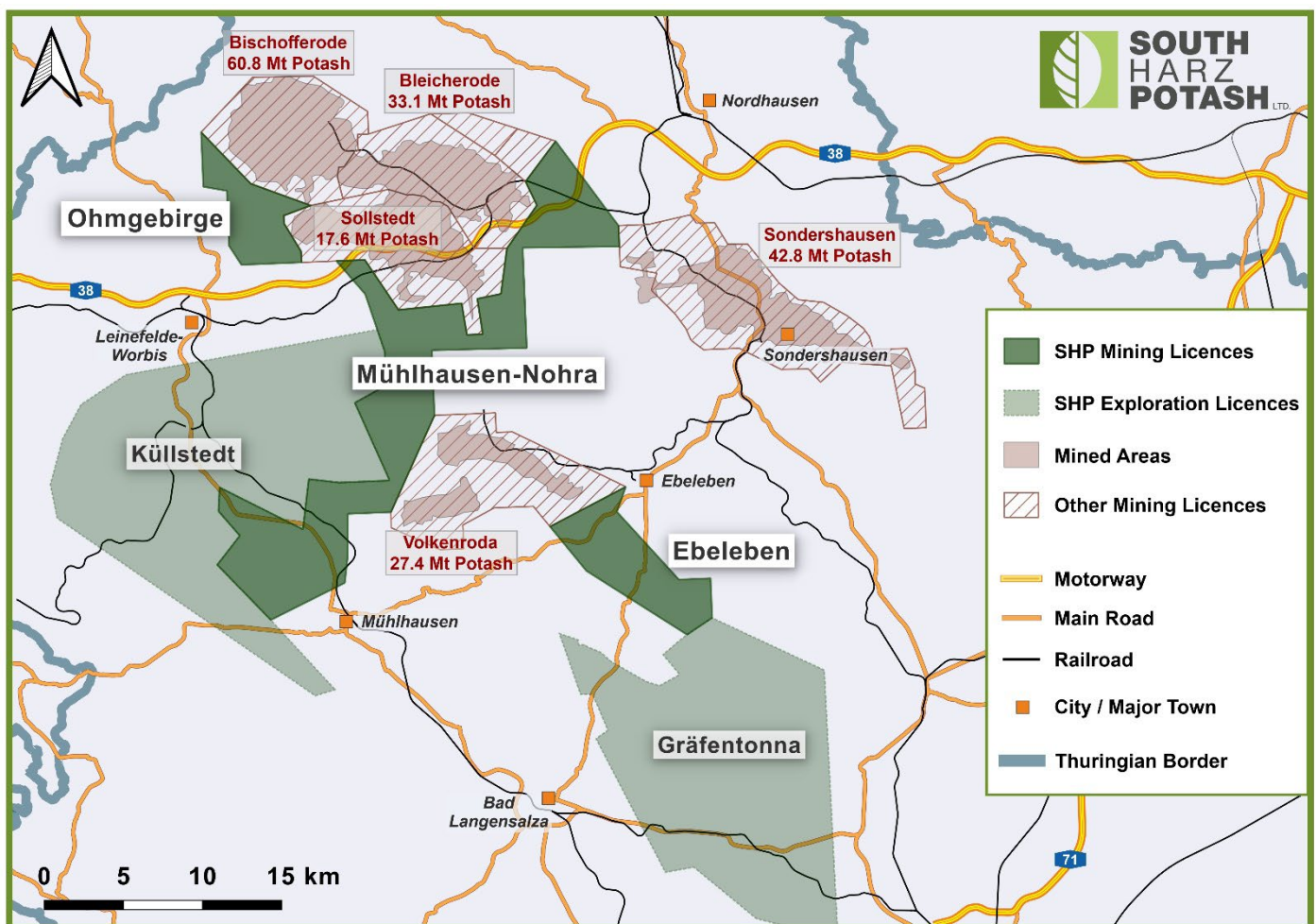
South Harz Potash (ASX: SHP) (**South Harz**) is a potash exploration and development company with its flagship project located in the South Harz Potash District region of Germany, midway between Frankfurt and Berlin.

The South Harz Project hosts a globally large-scale potash JORC (2012) Mineral Resource estimate of 5 billion tonnes at 10.6% K<sub>2</sub>O of Inferred resources and 258 million tonnes at 13.5% K<sub>2</sub>O of Indicated Resources across four wholly-owned project areas located favourably within central Europe.<sup>1</sup> This comprises three perpetual potash mining licences, Ohmgebirge, Ebeleben and Mühlhausen-Nohra, and two potash exploration licences, Küllstedt and Gräfentonna, covering a total area of approximately 659km<sup>2</sup>.

With strong established infrastructure proximate to the key European market, the South Harz Project is well positioned to enable rapid economic development across multiple deposits.

### South Harz Potash: Growing a responsible potash business in the heart of Germany

[www.southharzpotash.com](http://www.southharzpotash.com)



1. Refer to South Harz ASX release dated 12 July 2022 for full Mineral Resource estimate details. In accordance with ASX Listing Rule 5.23, the Company is not aware of any new information or data that materially affects the information included in this release.

## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

South Harz Potash Limited

ABN

64 153 414 852

Quarter ended ("current quarter")

30 September 2023

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (..3....months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) PFS & permitting	(2,196)	(2,196)
(c) production		
(d) site admin & site staff costs	(115)	(115)
(e) corporate costs	(524)	(524)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 VAT and Other	(244)	(244)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(3,079)</b>	<b>(3,079)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities		
(b) tenements		
(c) property, plant and equipment	(2)	(2)
(d) exploration & evaluation		
(e) investments		
(f) other non-current assets		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (..3....months) \$A'000
2.2 Proceeds from the disposal of:		
(a) entities		
(b) tenements		
(c) property, plant and equipment		
(d) investments		
(e) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(2)</b>	<b>(2)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	3,405	3,405
3.2 Proceeds from issue of convertible debt securities		
3.3 Proceeds from exercise of options	0	0
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(196)	(196)
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)	0	0
<b>3.10 Net cash from / (used in) financing activities</b>	<b>3,209</b>	<b>3,209</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	2,267	2,267
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(3,079)	(3,079)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(2)	(2)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	3,209	3,209



## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (..3....months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	(92)	(92)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>2,303</b>	<b>2,303</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	2,303	2,267
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,303</b>	<b>2,267</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	118
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	0	0
7.2 Credit standby arrangements	0	0
7.3 Other (please specify)	0	0
7.4 <b>Total financing facilities</b>	0	0
7.5 <b>Unused financing facilities available at quarter end</b>		0
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	<b>(3,079)</b>
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	0
8.3 Total relevant outgoings (item 8.1 + item 8.2)	<b>(3,079)</b>
8.4 Cash and cash equivalents at quarter end (item 4.6)	<b>2,303</b>
8.5 Unused finance facilities available at quarter end (item 7.5)	
8.6 Total available funding (item 8.4 + item 8.5)	<b>2,303</b>
8.7 <b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	0.8
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: : No as the majority of work in relation to the completion of the PFS has been completed	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: The Company has not taken any direct action to seek additional funding but is aware of its future cash requirements and has been involved in preliminary discussions with other parties in relation to this.	

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes, the Company believes, as shown by its recent capital raising and SPP, that if required, it will have the ability to raise any funds needed to meet its business objectives

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: .....31<sup>st</sup> October 2023.....

Authorised by: .....The Board.....  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.